

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 PA-02 AGRE-00
DOTE-00 /091 W

-----128052 171135Z /14

P R 171026Z MAY 78
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC PRIORITY 9576
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUDAPEST
USMISSION GENEVA
AMEMBASSY MOSCOW
AMCONSUL MUNICH
USMISSION USNATO
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW

UNCLAS BUCHAREST 3313

E.O. 11652: N/A
TAGS: EALR, ECSM, ELAB, RO
SUBJECT: PRICE INCREASES

REF: BUCHAREST 3256

1. SCINTEIA OF MAY 16 REPORTED PRICE INCREASES FOR
INTER-CITY RAIL, MARINE AND DOMESTIC AIR TRAVEL TO BE
EFFECTIVE MAY 15. INCREASED FARES FOR RAIL AND
MARINE TRANSPORT SAME AS REPORTED REFTTEL. INCREASE
IN AIR FARES WHICH WAS NOT PREVIOUSLY GIVEN, CITED AS
48 PERCENT. IT NOTED THAT COSTS OF DOMESTIC AIR TRAVEL
CURRENTLY EXCEED INCOME BY 60 MILLION LEI ON ANNUAL
BASIS. PRICE INCREASES OFFICIALLY JUSTIFIED BY FACT
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THAT COSTS OF AFFECTED SECTORS EXCEED INCOME FOR
VARIETY OF REASONS, MOST SIGNIFICANT ONE BEING
PRICES HAVE BEEN STABLE FOR 15 TO 20 YEARS.

2. COMMENT. IT INTERESTING TO NOTE THAT IN SPITE
OF AVOWED NEED TO RECOVER OPERATING COST AND
INSTITUTE REFORM BY ELIMINATING STATE SUBSIDIES,

SCINTEIA ARTICLE REMARKS THAT EVEN WITH CURRENT INCREASE, MARINE AND AIR TRANSPORT WILL STILL BE OPERATING ON DEFICIT ACCOUNT IN 1980. THIS INDICATES THAT GOR WILL CONTINUE TO SUBSIDIZE OPERATING COSTS IN THESE INDUSTRIES FOR FORESEEABLE FUTURE. AS FAR AS REGULATING DEMAND FOR DIFFERENT MODES OF TRAVEL, PRESENT HIKE SHOULD HAVE LITTLE EFFECT. FOR MOST APPRECIABLE DISTANCES, ROUGH PARITY BETWEEN PLANE AND FIRST-CLASS RAIL TRAVEL CONTINUES. FOR EXAMPLE,

FIRST CLASS RAIL TRAVEL TO SUCEAVA (451 KM) NOW COSTS 217 LEI AND PLANE FARE IS 229 LEI.
AGGREY

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NNN

Message Attributes

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